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In the Supreme Court
of the United States

OCTOBER TERM, 1965

No. 465

TILLAMOOK COUNTY CREAMERY ASSOCIATION,

Petitioner,

v.

TILLAMOOK CHEESE & DAIRY ASSOCIATION,

Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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This case comes before this Court on a Petition by Tillamook County Creamery Association, plaintiff below, for a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The opinion of the Court of Appeals for the Ninth Circuit, as amended, is reported at 345 F.2d 158. The opinion of the District Court is reported at 143 U.S.P.Q. 12. No Federal Supplement citation has been located.

JURISDICTION

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

QUESTIONS PRESENTED

1. Is it not contrary to the most basic precept of trademark law to permit two independent persons in competition with one another to use the same word as a trademark on the same product in the same marketing area?

Question 1 as Restated by Respondent

1. Is it contrary to the basic principles of trademark law for a court to hold that although one party may own a trademark, he may be estopped from asserting it against another, so that the effect is that both parties will be using the mark concurrently in the marketplace?

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2. May a person acquire common law trademark rights in a word without having made substantially exclusive use of the word as a trademark?

Question 2 as Restated by Respondent.

2. May a person acquire common law trademark

NOTE: "Tr. Vol. I" will be used to designate District Court's Clerks Record & Proceedings had in the Court of Appeals—numbered from 1 to 267.

rights in a word by making first use of it, although later he permits another also to use the mark?

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3. Even if a person once acquired common law trademark rights in a word, may he retain such rights where he has long ceased to use the word to distinguish his own products, and has simultaneously permitted another person to make exclusive use of the word as a trademark on the products of various producers selected by the other person?

Question 3 as Restated by Respondent

3. Where a person once acquires common law trademark rights in a word, does he not retain such rights although he designates an agent to use the mark on his behalf and on behalf of others?

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4. Where there has been direct and uncontradicted testimony of confusion in the market with respect to trademarked products, does it not follow that there is a likelihood of confusion?

Question 4 as Restated by Respondent

4. Merely because there might be confusion in the trade, does this prohibit a court from estopping a trademark owner from asserting his rights against another who has made long use of the mark with the acquiescence of such owner?

STATEMENT OF CASE

Respondent is a cheese producer and is an Oregon cooperative corporation whose members are dairy farmers who supply milk to respondent from which respondent makes the cheese it sells. Petitioner is an Oregon cooperative corporation whose sole function is to act as sales *agent*[1] for its members who are cheese producers like respondent, i.e., each being an Oregon cooperative corporation whose members are dairy farmers, etc. Both respondent and petitioner are located in Tillamook County, Oregon, the home of the famous TILLAMOOK cheese.

Respondent's predecessor, Tillamook Creamery, a cooperative corporation, was established about 1895 in Tillamook, Oregon, and made first use of TILLAMOOK as a trademark on cheese that it produced and sold.[2] Respondent's trademark use commenced some years prior to 1913 and continued uninterruptedly thereafter, with respondent making use of one or more sales agents (including petitioner) in marketing its cheese.

Petitioner was first established in 1909 by respondent's predecessor and other cheese producers to serve them as a testing and grading organization, but petitioner was not authorized to sell cheese and did not sell any cheese under any trademark until 1917.[3] In that year respondent's predecessor and the other cheese pro-

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[1] Tr. Vol. I, p. 206 (Finding 17).
[2] Tr. Vol. I, p. 206 (Finding 14).
[3] Tr. Vol. I, pp. 205-6 (Findings 12 and 13).

ducer members of petitioner changed petitioner's articles of incorporation to enable petitioner to also act as a sales agent for them. From about 1917 or 1918 petitioner acted as the exclusive marketing agent for respondent and the other cheese producer members of petitioner until 1963. In selling its members' cheese, petitioner made use of respondent's trademark TILLAMOOK with the permission of respondent.[4]

Petitioner applied for and on November 7, 1950, received from the United States Patent Office, Registration No. 533,033 for the trademark TILLAMOOK for cheese and butter. Its application was with the consent and acquiescence of respondent's predecessor for the purpose of giving all of petitioner's members, including respondent's predecessor, the increased benefit and protection offered by such registration. Indeed the application for registration was executed by one George R. Lawson, who at the time was both secretary of petitioner's association and an officer of respondent's predecessor.

As a result of a serious dispute between respondent and petitioner which developed in the early 1960's, respondent was forced in September 1963 to withdraw as a member of petitioner's association and thereafter sold its cheese with the aid of another sales agent, utilizing the trademark TILLAMOOK in such sales. Petitioner thereupon filed this suit to enjoin respondent from marketing its cheese under the trademark TILLAMOOK.

After a trial, the District Court held that respond-

[4] Tr. Vol. I, p. 207 (Finding 20).

ent's predecessor had acquired in the early 1900's through appropriation and use, common law rights in the trademark TILLAMOOK for cheese produced in Tillamook County; that neither respondent's predecessor nor respondent had ever been divested of such common law rights; and that petitioner, as respondent's *agent*, held the aforesaid trademark registration as trustee[5] for both respondent and petitioner's participating members.

The District Court further found and held that respondent's predecessor, having consented to and acquiesced in the use of, first, the common law trademark, and, later, the registered trademark TILLAMOOK by petitioner on behalf of its other member producers in the marketing of cheese from Tillamook County, should be estopped[6] from denying to petitioner the right to continue such use of the trademark on behalf of those member producers who were (and continued to be) members in good standing of petitioner's association at the time of respondent's withdrawal from membership.

The trial court enjoined petitioner from threatening respondent or others and from instituting any action for infringement or unfair competition with respect to respondent's use of the trademark TILLAMOOK on cheese.

The Ninth Circuit Court of Appeals affirmed the ruling of the District Court in an opinion first filed on April 7, 1965, and later amended on May 20, 1965.

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[5] Tr. Vol. I, p. 207 (Finding 22).

[6] Tr. Vol. I, p. 213 (Conclusion of Law 12).

The Court of Appeals affirmed the trial court's finding that the trademark was used by respondent's predecessor by which it acquired common law rights therein; that respondent never lost its common law rights in such trademark; and that respondent thus owned the mark TILLAMOOK for cheese.

ARGUMENT

I

This is an ordinary trademark case, involving conflicting claims of ownership between a principal (respondent) and its sales agent (petitioner) and also involves questions of estoppel, but no conflict of decisions of Courts of Appeal is present, nor is there any conflict between this decision and prior decisions of this Court.

The petition for certiorari should be denied because this is an ordinary trademark case involving questions of ownership of the trademark TILLAMOOK for cheese. The District Court found, and the Court of Appeals affirmed, that respondent had established common law rights in the trademark TILLAMOOK long before its sales agent, petitioner, ever made any use of the mark, and that respondent was the owner of the mark; that respondent, as principal, made use of petitioner as respondent's sales agent; but that because of the past history and the relationship between the parties and particularly the years of permitted use of the trademark TILLAMOOK by the other cheese producer members of petitioner who were also using petitioner as sales agent, that respondent should be estopped from denying petitioner the right to continue to use the trademark in

connection with the marketing of cheese of those members of petitioner who were (and continued to be) members in good standing at the time of respondent's withdrawal from membership.

No district court other than the District Court below, and no court of appeals other than the Court of Appeals for the Ninth Circuit, has rendered any decision affecting this trademark. Petitioner, therefore, is not asking this court to reconcile conflicting decisions of two or more courts of appeal with respect to the trademark TILLAMOOK.

Furthermore, there is no conflict between the decision of the Ninth Circuit Court of Appeals in this case and prior decisions of this Court, thereby to justify the granting of the Petition for Certiorari.

It follows then, that the only question is whether the decisions of the lower courts in this case are contrary to the basic trademark decisions of this Court. Clearly they are not because there is no doubt that a court can resolve conflicting questions as to the ownership of a particular trademark. There is also no doubt that if in a trademark case there are grounds for an estoppel, the court can deny the trademark owner injunctive relief. Without discussing whether or not the lower courts were right in finding and affirming such an estoppel (it would actually be to respondent's benefit if no estoppel had been found), the fact remains that this Court has held many times that where an estoppel exists, injunctive relief will be denied. *Saxlehner* v. *Eisner*, 179 U.S. 19 (1900); *French Republic* v. *Saratoga*, 191 U.S. 427

(1903). See also Judge Learned Hand's opinion in *Dwinell-Wright Co.* v. *White House Milk Co.*, 132 F.2d 822 (2d Cir. 1943); and *Polaroid Corp.* v. *Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961).

As this court stated in the *French Republic* v. *Saratoga* case, supra, at pages 436 and 437:

> "A serious difficulty in the way of enforcing an exclusive right on the part of the plaintiffs to the use of the word Vichy is their apparent acquiesence in such use by others. For thirty years the defendant, the Saratoga Vichy Company, has been openly and notoriously bottling and selling its waters under the name of the 'Saratoga Vichy' until its competition has become an extremely serious matter to the plaintiffs, whose importations began in 1853 with only 316 bottles, which by the year 1893 had increased to 298,500 bottles. The entire shipment of the Vichy Company amounted in 1896 to nearly ten millions of bottles. Under such circumstances, and in view of the further facts that other waters were openly manufactured and sold in this country under the name of Vichy, and that a manufactured water was dealt out by the glass under that name in innumerable soda water fountains throughout the country, as shown by the record in this case, it is impossible to suppose that the plaintiffs were not aware of these infringements upon their exclusive rights. It argues much more than ordinary indifference and inattention to suppose that the large amount of this rival water could be advertised and sold all over the country without the knowledge of their agents, who would naturally be active in the protection of their own interests, if not the interests of their principals. In fact, they had al-

lowed the name to become generic and indicative of the character of the water. With all these facts before them, and with the yearly increasing sales and competition of the defendant company, no move was made against them for twenty-five years, and until 1898, when this bill was filed. A clearer case of laches could hardly exist. *Saxlehner* v. *Eisner*, 179 U.S. 19, 36."

The fact that there will be resulting concurrent trademark use in the instant case by both petitioner and respondent is obviously not in conflict with past decisions of this Court, because such concurrent use is only the usual result when an estoppel is found against a trademark owner preventing him from enforcing his rights against another user of the mark. *French Republic* v. *Saratoga*, supra.

The petitioner apparently asserts that the courts below held that *both* respondent and petitioner *owned* the trademark and that such a holding would be inconsistent with certain facets of trademark law. However, there was no such holding, the holding being that respondent was the *sole* owner but was estopped from asserting its rights against petitioner insofar as certain of petitioner's members were concerned.

This Court has also held that a trademark owning principal retains his ownership in a trademark, though he designate an agent to use the trademark to distinguish both products of the principal and those of others. *Castner* v. *Coffman*, 178 U.S. 168 (1900). In that case, this Court said:

"Thus we have Castner and Company, Limited,

becoming by contract an agent of the mine owners to sell their coal, putting it upon the market as Pocahontas coal, and dealing with it as such, yet filing a claim for a trademark by which it was sought to deprive the owners of the designation which appropriately belonged to their product." 178 U.S. at 180.

"Whether, as claimed, the reputation of the coal was enhanced by careful inspection and grading by the complainants or their predecessors is left conjectural by the record. But if it be conceded that the proof on this branch of the case was certain, it could operate no change of result. In inspecting and grading the coal, complainants and their predecessors were but agents of the mine owners. Certainly, the agent cannot be heard to say that he may appropriate to himself the name belonging to the product of his principal, or that he may affix the name to coal for his own purposes, and not for the benefit and advantage of his principal." 178 U.S. at 184.

II

No unusual, unsettled, conflicting, or important public interest questions are presented here.

The present case does not involve any question of great public importance. In fact, it is but an ordinary finding in a trademark case that ownership remains in a principal, although he may be estopped from asserting his rights against his agent who, acting on behalf of other principals, was permitted use of the mark over a number of years. Petitioner would apparently have the Court believe that if there is any possibility of the pub-

lic being confused or uncertain as to the source of a product, such is grounds for denying one or the other of the parties the right to use the mark in question, but it is noted that petitioner has cited no cases in support of this proposition. *Saxlehner* v. *Eisner*, supra; *French Republic* v. *Saratoga*, supra; and *Castner* v. *Coffman*, supra, show that the law is to the contrary.

Petitioner asserts that the instant case is significant because of "the severe injury which will result to an important segment of the economy of Oregon, as well as to both parties involved in this suit, if the existing situation is allowed to persist." Petition, page 9.

Respondent points out, however, that grievous injury will result only if respondent's trademark rights in TILLAMOOK were denied it, because it could no longer sell its cheese as TILLAMOOK cheese and thus could not obtain the premium price which TILLAMOOK cheese obtains in the market place. Soon, its underpaid milk producers would be forced to sell their cheese milk to other cheese producers in Tillamook County, which would lead to the destruction of respondent, who has already lost many milk producers because of this litigation and because of threats in the trade made by petitioner which have gravely interfered with respondent's sale of its cheese as TILLAMOOK cheese.

Finally, there is no merit to petitioner's argument that the Court of Appeals affirmed without discussion or analysis the lower court's holding that respondent had established common law rights in the trademark TILLAMOOK. The facts substantiating this holding were ex-

haustively argued before the Court of Appeals, extra time being given for such consideration, and the Circuit Court obviously found ample facts to support the lower court's finding.

CONCLUSION

The Petition for Writ of Certiorari should be denied because there is no conflict of decisions between courts of appeals, there is no unusual, unsettled, conflicting, or important public interest question presented, and the decision below is both clearly correct and equitably sound.

Respectfully submitted,

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